

# House Study Bill 130

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
COMMERCE BILL BY  
CHAIRPERSON PETERSEN)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the disapproval of rate filings of certain  
2 casualty insurers.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 1833YC 82  
5 av/gg/l4

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1 1 Section 1. Section 515F.6, subsections 2 and 3, Code 2007,  
1 2 are amended to read as follows:  
1 3 2. If, at any time after a rate has been approved, the  
1 4 commissioner finds that the rate no longer meets the  
1 5 requirements of this chapter, the commissioner ~~may~~ shall order  
1 6 the discontinuance of use of the rate ~~and shall order a refund~~  
1 7 ~~of the rate, to the extent the commissioner has found the rate~~  
1 8 ~~excessive, to any person who has paid the rate. The An order~~  
1 9 ~~of discontinuance or refund may be issued only after a hearing~~  
1 10 ~~with at least ten days' prior notice for all insurers affected~~  
1 11 ~~by the order. The order must be in writing and state the~~  
1 12 ~~grounds for the order. The An order of discontinuance shall~~  
1 13 ~~state when, within a reasonable period after the order is~~  
1 14 ~~issued, the order of discontinuance shall be effective. The~~  
1 15 ~~order shall not affect a contract or policy made or issued~~  
1 16 ~~prior to the expiration of the period set forth in the order.~~  
1 17 An order of refund shall state the period for which the  
1 18 commissioner has found the rate to be excessive, the  
1 19 methodology by which the refund shall be calculated, and the  
1 20 date by which the refund shall be paid to any person who has  
1 21 paid the rate.  
1 22 3. An insured ~~which~~ who is aggrieved with respect to a  
1 23 filing which is in effect may make written application to the  
1 24 commissioner for a hearing on that filing. The application  
1 25 shall specify the grounds to be relied upon by the applicant.  
1 26 If the commissioner finds that the application is made in good  
1 27 faith, that the applicant would be so aggrieved if the  
1 28 applicant's grounds are established, and that the grounds  
1 29 otherwise justify holding a hearing, a hearing shall be held  
1 30 within thirty days after receipt of the application, upon not  
1 31 less than ten days' written notice to the applicant and to  
1 32 every insurer and advisory organization which made that  
1 33 filing. In connection with the hearing the applicant shall  
1 34 have the right to serve requests for information upon any  
1 35 party to the hearing, to call witnesses, to offer evidence  
2 1 including rebuttal evidence, to cross-examine any witness that  
2 2 another party or the commissioner calls, and to present  
2 3 argument and summation.  
2 4 If, after hearing, the commissioner finds that the filing  
2 5 does not meet the requirements of this chapter, the  
2 6 commissioner shall issue an order specifying in what respects  
2 7 the filing fails to meet the requirements of this chapter, and  
2 8 stating when, within a reasonable period after the order is  
2 9 issued, the filing shall no longer be in effect. If, after  
2 10 hearing, the commissioner finds that the rate is excessive,  
2 11 the commissioner shall issue an order stating the period for  
2 12 which the commissioner has found the rate to be excessive, the  
2 13 methodology by which the refund shall be calculated, and the  
2 14 date by which the refund shall be paid to any person who has  
2 15 paid the rate. Copies of the order shall be sent to the  
2 16 applicant and to every insurer and advisory organization which  
2 17 made that filing. ~~The order shall not affect a contract or~~  
2 18 ~~policy made or issued prior to the expiration of the period~~

2 19 set forth in the order.

2 20 EXPLANATION

2 21 This bill relates to the disapproval of rate filings of  
2 22 certain casualty insurers by the commissioner of insurance.

2 23 The bill amends Code section 515F.6 to require the  
2 24 commissioner to order the discontinuance of use of a rate when  
2 25 the commissioner finds that the rate no longer meets the  
2 26 requirements of Code chapter 515 and to order a refund of the  
2 27 rate, to the extent that it is excessive, to any person who  
2 28 has paid the rate. The bill specifies the content for orders  
2 29 of discontinuance and refund.

2 30 The bill also specifies what rights an aggrieved insured  
2 31 has in connection with a hearing requested by the insured on a  
2 32 rate filing and specifies the content for orders of  
2 33 discontinuance and refund made by the commissioner upon  
2 34 finding that a rate is excessive.

2 35 LSB 1833YC 82

3 1 av:nh/gg/14